

COUNTING OF CERTAIN FEDERAL EMPLOYMENT TOWARD RETIREMENT

DECEMBER 10, 1970.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. MILLS, from the Committee on Ways and Means,
submitted the following

REPORT

[To accompany S. 2984]

The Committee on Ways and Means, to whom was referred the bill (S. 2984) to permit certain Federal employment to be counted toward retirement, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE

The purpose of S. 2984 is to accord equal treatment in crediting Federal service for civil service retirement purposes to certain Federal employees. Such equal treatment is now precluded by section 115 of the Social Security Amendments of 1954, which section S. 2984 would repeal.

GENERAL STATEMENT

Under existing law, some temporary, part-time and intermittent employment by the Federal Government is covered by the social security program rather than by the civil service retirement program or other retirement programs for Federal employees. Such Federal civilian employment is generally creditable for civil service retirement purposes if the employee is later employed in a position subject to the civil service retirement system. One exception to this rule exists as a result of the enactment of section 115 of the Social Security Amendments of 1954.

By the terms of section 115, Federal employees who acquired social security coverage under the 1954 amendments may never receive credit under a retirement system for Federal employees for this service covered by social security. The employees so affected are primarily

those who receive temporary appointments in the field service of the Post Office Department, but section 115 applies also to a small number of temporary employees in the Federal Deposit Insurance Corporation, in a Federal land bank or bank for cooperatives, census-taking employees of the Census Bureau, and to employees paid on a contract or fee basis, employees receiving nominal pay of \$12 a year or less, and patient employees in Federal hospitals.

The temporary appointments of many of these employees, especially those of the Post Office Department, ripen into permanent appointments, at which time they acquire coverage under the civil service retirement system and lose their social security coverage acquired under the 1954 amendments. When they retire under the civil service retirement system they cannot receive credit for their temporary employment as do persons in other temporary Federal positions.

An employee who has service which becomes creditable for retirement purposes as a result of this bill may, if he wishes, make a deposit to the civil service retirement fund equal to retirement deductions for the period, plus interest. If he failed to make this deposit, his retirement annuity would be reduced by 10 percent of the amount owed as deposit.

There are about 345,000 permanent full-time employees of the Post Office Department who have approximately 2.5 years each of temporary employment which would become creditable toward civil service retirement upon enactment of S. 2984. The number of nonpostal employees with temporary employment excluded from retirement credit by section 115 cannot be ascertained but it is believed to be relatively very small.

Based on the 345,000 figure, the Civil Service Commission estimates that the unfunded liability of the civil service retirement and disability fund would be increased by \$402 million. Under the provisions of 5 U.S.C. 8348, pertaining to the civil service retirement and disability fund, enactment of S. 2984 is deemed to authorize appropriations to the fund to finance this increase in unfunded liability plus interest in 30 equal annual installments, with the first installment being due June 30, 1971. Each installment would amount to an estimated \$21.1 million.

S. 2984 would become effective upon enactment and apply to employees and former employees who thereafter retire or die. An already retired employee or survivor annuitant could request his retirement system to allow credit for temporary service excluded by section 115. However, the increase in annuity benefit resulting from credit of the temporary service would be payable only from the first of the month following enactment.

This bill is approved by both the U.S. Civil Service Commission and the Department of Health, Education, and Welfare. Your committee is unanimous in recommending enactment of S. 2984.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets):

SECTION 115 OF THE SOCIAL SECURITY AMENDMENTS OF 1954

【COVERED EMPLOYMENT NOT COUNTED UNDER OTHER
FEDERAL RETIREMENT SYSTEMS

【SEC. 115. Notwithstanding any other provision of law, in determining eligibility for or the amount of any benefit (other than a benefit under title II of the Social Security Act or under the Railroad Retirement Act of 1937, as amended) under any retirement system established by the United States or any instrumentality thereof, there shall not be taken into account any service which, by reason of the amendments to section 210 (a) of the Social Security Act made by section 101 (c) of this act, constitutes employment as defined in such section 210 (a).】



